

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

76FO
cop. 2

8/47

FOREIGN AGRICULTURE



November 23, 1970

JAN 7 1971

CURRENT SERIAL RECORDS

Land and Labor in Southeast Asia
Computerized Food Sales in Paris

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VIII • No. 46 • November 23, 1970

In this issue:

- 2 Land, Labor, and the New Seeds in South-east Asia By Harry E. Walters
- 5 U.S. Turkey Exporters Are Looking Beyond Thanksgiving Dinner
- 6 Cuba's Record Sugar Output By Linda A. Bernstein
- 9 Another French Revolution? Computerized Food Sales By Christian J. Ponsot
- 10 Developing Areas Become Bigger Dollar Markets By Susan A. Libbin
- 12 News Briefs
- 13 Crops and Markets

This week's cover:

A shopper in the computerized grocery store in Paris, France, selects a punch card representing the item on shelf. See article on page 9.

Clifford M. Hardin, Secretary of Agriculture
Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Kay Owsley Patterson, Editor
Janet F. Beal, Associate Editor; Faith Payne, Marcellus P. Murphy, Isabel A. Smith, Ann L. Barr, Jane V. Foster, Katherine Janka.

Advisory Board:

Kenneth F. McDaniel, Chairman; Horace J. Davis, Anthony R. DeFelice, Robert H. Ingram, Leonard B. Kelley, Kenneth K. Krogh, J. Don Looper, Donald M. Rubel, Raymond E. Vickery, Quentin M. West, Joseph W. Willett.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, \$10.00 domestic, \$13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.



Harvesting and threshing the new rice, South Vietnam.

By HARRY E. WALTERS
Foreign Regional Analysis Division
Economic Research Service

MUCH has been written about the Green Revolution since the initial wide-scale adoption of new high-yielding rice and wheat varieties in 1967. Enthusiastic support has been voiced for this new technology, although some have warned that the Green Revolution will produce major social, political, and economic upheavals. In Southeast Asia, the impact is of vital concern, for rice is the livelihood of a large part of the agricultural population.

Continuous increases in rice production in this part of the world are clearly needed, with population growing at about 3 percent a year and rice the major source of food. But an unalloyed concern for rapid increases in production raises serious problems for these countries. These problems result partly from the rapid growth of their agricultural labor forces and the chronic small size of their farms; partly from the new technology's tendency to use less labor and land per ton of rice produced; and partly from the area's already high consumption of rice per person.

The familiar employment experience of most developed countries—the movement of people from agricultural to non-agricultural pursuits—is not likely to be shared by many of the Southeast Asian countries in the near future. The agricultural labor force, already large and unproductively employed by modern standards, will get larger.

Land, Labor, and The New Seeds In Southeast Asia

Population in Southeast Asia is expected to grow at an average annual rate of 3 percent during the 1970's, ranging from a low of 2 percent in the Republic of Vietnam to around 3.5 percent in the Philippines. The result will be an annual rate of labor force growth that will reach 2.6 percent or more in the decade and will probably last until the end of the century. No developed country, even Japan, has experienced such high rates of labor force growth during comparable periods of development.

This rapid labor force growth, with agriculture's share ranging from above 50 percent to more than 80 percent, means that to stabilize the agricultural labor force, employment outside of agriculture would have to grow more than 10 percent a year in Cambodia, Laos, Thailand, the Republic of Vietnam, and Indonesia and 5.2 percent a year in the Philippines and Malaysia, which are the most industrially advanced of the countries.

HOWEVER, to create nonagricultural job opportunities at such a rate would require exceptionally high rates of economic growth. In none of the Western European countries has non-agricultural employment grown faster than 2.7 percent annually. For most countries of the world, growth has been below 2 percent. Even in Taiwan, with the world's highest rate of growth in nonagricultural employment, the average annual increase was only 3.2 percent between 1952 and 1959 and rose to just under 4 percent for 1960-66. For its larger total labor force, Southeast Asia will therefore need to find additional employment within agriculture.

Neither will farm size in Southeast Asia follow the traditional "developed" pattern and increase along with agricultural production and efficiency. Southeast Asian farms are small now and will probably get smaller. Although the area has more land not yet utilized for agriculture than some developing regions, arable land per man is low, and increased population pressure will drive it still lower. Average farm size ranges from a high of almost 14 acres in Malaysia to a low of little more than 3 acres in Indonesia.

Most rice farmers, however, are less well supplied with land, tending to be concentrated in regions where farms are very small. Of the paddy farms in west Malaysia, 66 percent have less than 5 acres. In Thailand, 45 percent of the farms have less than 6 acres. In Java, one of the most densely populated areas in the world, half of the farms have less than 2½ acres and 80 percent less than 5 acres. In Laos, the Republic of Vietnam, and Cambodia, there is much unused land, but similar conditions prevail, with small paddy farms clustered along the rivers.

The Green Revolution did not create these problems of employment and land use, but whether it will facilitate or complicate their solution is a relevant question.

The new varieties of rice need well-managed irrigation water, large amounts of fertilizer, and plant protection agents to achieve their high yields. (Traditional varieties yield better too when they have these inputs, but their maximum yield is lower.) Growing the new varieties, therefore, requires that more of the income derived from rice be spent on irrigable land and on purchased inputs, leaving less income available for the more traditional factors of production—ordinary land and labor. The new technology requires more labor per acre, but the amount of labor used per ton of rice is actually smaller. This has important implications for rural employment in the Southeast Asian countries and for the distribution of the benefits of the Green Revolution.

THESE effects on employment and land use are compounded by the nature of the demand for rice. In Southeast Asia, where rice dominates the diet, demand for it is relatively inelastic; this means that although small changes in rice output upward or downward are likely to produce large fluctuations in rice prices, the quantity of rice demanded does not move up or down in proportion, for per capita consumption is already high. For example, in the last half of the sixties,

As part of South Vietnam's agricultural diversification program, these Montagnards have been brought down from the highlands to learn to grow sorghums—a new crop for them.



a sharp rise in prices resulted from shortfalls in rice production, only to be followed by a rapid decline in prices as supplies increased. Yet the quantity of rice demanded did not follow suit.

Therefore, a substantial increase in rice production—greater than the increased demand provided by population growth plus a small additional stimulus from increased income—is likely to pull down rice prices, and the total income from rice production could even fall. Then, still less income could be devoted to labor in the form of wages. Where machinery is substituted for labor, the labor-displacing effect of the new varieties would, of course, tend to be even greater.

CAN it be that the new technology, which promises such badly needed increases in production, creates more serious problems than it solves? This depends on how it is used. If the objective in exploiting the new cereal seeds is confined to simply increasing rice production as rapidly as possible, a number of serious consequences could result. Among them would be these:

- Even though the new rice varieties are basically capable of being produced efficiently and profitably on almost any

The water buffalo is the traditional draft power of South-east Asian agriculture. In Laos, as elsewhere in the area, children of the family manage the unwieldy beasts skillfully.



size of farm, the possessors of suitable land—countries, regions, or individual owners of larger or more favorably located farms—could benefit at the expense of those with less suitable land, especially if the agricultural programs of the governments concerned concentrate on stimulating output on the larger farms and the better land.

- Little employment would be generated.
- Low rice prices would benefit consumers but would depress the incomes of the large part of the agricultural population that produces rice.
- Incentives might be created for enlarging farms and replacing labor with machinery, even though land is scarce and labor is overplentiful.
- The desire to be free of rice imports could reduce the exports of other developing countries such as Burma, Cambodia, and Thailand.

Because the initial response to the Green Revolution was heavily influenced by an obvious need for more cereals, policies to stimulate its adoption were designed primarily to increase output. Less attention was given to these larger and less easily perceived problems. But now that they—and the relationship of the Green Revolution to them—are somewhat clearer, it is necessary to develop agricultural policies which will produce the desired increases in output and not the undesired consequences.

For instance, attention must be given to other crops, and especially to livestock and livestock feeds. These areas of agriculture have generally been neglected, yet the demand for these products is growing—often more rapidly than that for rice or wheat; they can often absorb much additional labor; and they have less stringent land-quality requirements. This diversification of agriculture can actually be facilitated by the Green Revolution's ability to free land and labor from the cultivation of rice.

Policies which encourage increasing farm size or substituting capital for labor in rice production do not seem justified, especially when they result from direct or indirect subsidies. Attention should be given, whenever it is economically possible, to the development of labor-using rather than labor-saving technology. This has not been the trend in most developed countries.

ONE of the most economically disturbing offshoots of the initial excitement over the Green Revolution is that it has often resulted in policies to achieve self-sufficiency in basic cereal production, and if possible an export surplus. To attain this goal, cereal prices have been supported at higher than world export levels, and production has been subsidized in a variety of ways. Where these policies apply narrowly to rice, and where government programs concentrate assistance on the best suited areas and farmers, this tends to compound the problems just discussed. Moreover, when prices are kept artificially high, one of the major potential contributions of the Green Revolution—production of rice and wheat at lower rather than at higher prices—is lost.

Obviously, it will be difficult, and perhaps impossible, for the Southeast Asian countries to achieve high production, equitable distribution of income benefits, and high rural employment, all at the same time. But the problem is not whether to adopt the Green Revolution or reject it, but how to use it in a way that will provide the greatest possible advantage, given the inescapable conditions under which agriculture must develop in this group of countries.

U.S. Turkey Exporters Are Looking Beyond Thanksgiving Dinner

That fine-feathered bird popularized by our Pilgrim forefathers will be found on the dinner tables of fewer traditional U.S. export customers this year. However, turkey exports are being gobbled up at a growing pace in several new and promising—if small—overseas markets.

Thus, while turkey exports to Western Europe have declined in recent years, they have fared far better in North America, Asia, and Oceania.

The U.S. turkey export situation largely reflects recent overseas poultry sales as a whole and is greatly influenced by circumstances in the European Community. EC import charges on poultry have risen sharply since 1962 when the Common Agricultural Policy went into effect; and the EC can increase supplemental levies on poultry products with only a 3-day notice. This limited access to the EC, coupled with the Community's export subsidy program for poultry meat and its expanding domestic output, has meant growing difficulties for exporters in the United States.

In 1969, U.S. exports of turkey meat to Western Europe totaled 29.4 million pounds, compared to 52.3 million pounds in 1965. Exports of chicken meat to that market dropped from 53.4 million to 18.1 million pounds.

On the world scene, however, recent export figures indicate a reversal of the downward trend of poultry exports over the past 5 years. In 1969, U.S. exports of all fresh and frozen poultry equaled 136.2 million pounds, valued at \$41.5 million—a slight increase of \$500,000 over the 1968 value. Fresh and frozen turkey exports accounted for 36.6 million pounds of the 1969 total.

In West Germany, the largest single country market for U.S. poultry exports, turkeys play a major role. About 20.9 million pounds of fresh and frozen turkey meat was exported to that market in 1969, accounting for almost the entire 22.4 million pounds of U.S. poultry meat bought by West Germany last year. Although total West German poultry meat imports from the United States declined slightly during January-August 1970, compared with the same period a year ago, turkey imports have increased substantially.



The success of turkey in this market has allowed U.S. turkey part exports to the EC largely to hold their own during the January-August period this year, although whole turkey and total poultry exports to the EC declined.

Another encouraging note in U.S. poultry exports to the EC occurred in Belgium and Luxembourg where the value of turkey part imports from the United States has tripled over the past year. Small gains have also been recorded in sales of whole turkeys and turkey parts to France and in whole turkey sales to the Netherlands.

The most significant developments in

other European markets are the recent increases in turkey exports to Switzerland and the United Kingdom. While the U.K. market is still small, Switzerland has become the third largest customer for U.S. poultry meat by volume—taking 15.6 million pounds in 1969.

The Caribbean is another good example of a steadily expanding market for U.S. poultry. Increased sales in that area have somewhat balanced sharp declines in Canadian imports and have prevented U.S. poultry sales in North America from dropping drastically in recent

years. However, recent gains in the Caribbean are almost entirely due to rising imports of chickens and chicken parts rather than turkeys.

In Asia, Hong Kong remains the second largest customer for U.S. poultry meat exports by volume, while Japan continues as the second largest market by value. In 1969, Japan bought 13.9 million pounds of U.S. poultry meat valued at about \$5 million; while Hong Kong took 18 million pounds.

However, Japan took 171,000 pounds of fresh and frozen turkey from the United States, while Hong Kong took 1.9 million pounds. Both markets show substantial increases in imports of whole U.S. turkeys in recent months, with Japan taking about a million pounds so far this year.

Turkey exports are expected to remain at least at their recent levels during the year to come, as are total poultry exports. Continuing declines in EC imports of U.S. poultry should be offset by growing sales to traditional third country markets as well as new markets.

—K.C.J.

CUBA'S RECORD SUGAR OUTPUT

—and what it cost to attain it



By LINDA A. BERNSTEIN
Foreign Regional Analysis Division
Economic Research Service

In the crop year recently completed, 1969-70, Cuba produced 8.5 million metric tons of sugar. Although this falls short of the 10-million-ton goal for 1970, it is nevertheless the highest output in Cuba's history. To achieve it, the country was mobilized into essentially a war economy. But a limited labor force, yields lower than planned, and an insufficiently mechanized and organized sugar industry prevented the attainment of the goal that had been established.

Sugar and diversification

Prior to the revolution, Cuba imported a very large percentage of its food needs. This constituted a drain on the country's foreign exchange reserves. A program of agricultural diversification, initiated in 1961, was intended to help alleviate the drain on hard currency by producing domestically many of the agricultural commodities which had been imported. Area under cane was decreased from approximately 3.5 million acres in 1960 to 2.7 million in 1963 so that food crops, cotton, and coffee and cocoa trees could be planted. At the same time, the diversification program aimed to maintain the level of sugar production by more intensive use of the reduced acreage.

Subsequently, however, it was decided that because of increasingly serious balance-of-payment pressures and poor re-

sults from diversification, the export of sugar would again be made the primary source of foreign exchange. The hard currency earned through sugar sales would be used to purchase the industrial materials needed for long-range economic development.

Higher annual goals

A sugar production goal of 10 million tons for 1970 was announced by Castro in the spring of 1963 and incorporated into the 1966-70 plan. Gradual increases were planned each year, though actual accomplishments before 1970 were far less than planned.

Having established this plan for increased production, Cuba attempted to secure markets for its sugar.

In 1964 Cuba and the Soviet Union announced an agreement under which the USSR would buy up to 2.1 million tons of sugar in 1965, 3 million in 1966, 4 million in 1967, and 5 million each in 1968, 1969, and 1970 at about 6 cents per pound, to be paid for mostly by barter. Somewhat smaller quantities at somewhat lower prices were consigned to various countries of Eastern Europe.

Cuban sugar exports to the USSR have consistently fallen short of the agreed limits. In calendar 1966, at 4.9 million tons, production fell more than 2 million tons short of the plan. Exports to the USSR that year were 1.8 million tons, more than 1 million below the maximum called for in the agreement. Similarly, Cuban sugar produc-

tion in 1968 was 5.3 million tons, short of its goal by almost 3 million tons. And exports to the Soviet Union were 1.7 million tons, or more than 3 million below the limit agreed upon. Exports to the Soviet Union in 1970 are expected to be more than 1 million tons short of the maximum.

In 1965 Mainland China made an arrangement with Cuba to export rice and certain other manufactured articles in exchange for sugar. Cuba, being a country of high rice consumption, hoped to obtain a reliable source of rice to meet its domestic needs, thereby freeing itself to concentrate on sugar production. However, this agreement was repudiated by China early in 1966, and actual trade has been much less than envisioned by the agreement. In 1966-68 China imported annually an average of 535,000 tons of sugar from Cuba, and Cuba's imports of rice from China averaged 130,000 tons per year during the same period.

Plans for the harvest

Although the 1969-70 sugar campaign also falls short of the 10-million-ton goal set by Castro in 1963, it established an unprecedented production record of 8.5 million tons. This quantity surpasses by more than a million tons Cuba's previous peak of 7.2 million tons, achieved in 1952 during the Korean War. During the remaining prerevolutionary years (1953-58), when production controls were in effect, the harvest fluctuated between 4.5 million and 5.8



Cuban workers fighting the battle of the 1970 sugarcane harvest.

million tons, averaging 5.3 million.

In December 1969 Castro set up a strict schedule for producing 10 million tons of sugar in the 1969-70 campaign, with the date by which each million should be reached. For the 10th million, the date was July 15.

Owing to a limited labor force and the high production goal, the harvest was begun early, in July 1969, and approximately 1.3 million tons of sugar were produced before January 1, 1970. This was the first time that sugar produced in July had been included in a new sugar crop year. In the past, the harvest has generally not begun until October, and usually only several hundred thousand tons are produced by December 31. The 1970-71 campaign however, is not scheduled to begin until December 20.

Extending the schedule

The current harvest was also extended at the end, to finish not in May or June, at the commencement of the rainy season, but in July. Although cane cut too early or too late in the season has a much lower extraction rate, this was offset to some extent in the current campaign by the introduction of early- and late-maturing varieties of cane. Castro claims that the early-maturing variety, Barbados 42231, and a drought-resistant variety, Barbados 4362, have been planted on substantial percentages of the cane area.

The cane area was greatly increased—to over 4.2 million acres—for the

1969-70 sugar campaign. This was more than two-thirds above the 1962-68 average of 2.5 million acres. Virtually all of the 4.2 million acres were cut in order to achieve the record sugar output of 8.5 million tons.

Production lagged behind the rigorous schedule, especially after the onset of the rainy season in April. The harvest was beset with many problems, one of

which was a shortage of labor and another a shortage of equipment. Only a very few cane combines were available for this year's harvest. In many areas, oxcarts are still being used to haul the cut cane to the loading point. The sugarmills themselves are old, breakdowns are frequent, and parts—unavailable from the United States—increasingly need to be replaced.

How Much Sugar Can Cuba Sell the USSR?

In view of the Soviet Union's 1969-70 shortfall in domestic sugar production, as well as its outlets for reexports, Soviet sugar imports from Cuba in 1970 could well reach 3 million tons. Any amount above that will depend on bargaining between the two countries.

Since the mid-sixties, the Soviet Union has become increasingly self-sufficient in sugar, while continuing to both import and export large quantities. Under the International Sugar Agreement, it may export up to 1.2 million tons to the free market, exclusive of exports to Communist countries. In 1966-68, its exports to the free market averaged 1,032,000 and those to Communist countries, 173,000, for a total of 1,205,000 tons. Meanwhile, its net imports averaged 822,000; in 1968-69, they decreased to 244,000. Its sugar stocks, although higher than during the early 1960's, have changed little since the mid-sixties, and apparently are at levels considered normal.

However, Soviet beet sugar production in 1969-70 was down an estimated 1.4 million tons from the previous year. Therefore, net imports in 1970 are expected to increase by about that much.

Soviet sugar imports from Cuba this year are running more than double what they were in 1969. As of June 1970 (latest available data), the Soviet Union had already imported 2.5 million tons of Cuban sugar, and if its imports have continued at that rate, they will easily total more than 3 million tons by the end of the year.

The shortage of labor for the 1969-70 harvest was acute. Appeals to increase the length of the work day, with a reminder for cancutters to live up to their commitment to work 10 hours on Saturday and several hours on Sunday mornings, none too tacitly revealed the seriousness of the labor problem. These appeals were broadcast in Cuba throughout the campaign. To help meet the demand for labor, "volunteer" cancutters were recruited from the military, from urban workers on weekends, and from youthful foreign enthusiasts. The efficiency and the cost of these sources of labor are open to question.

Why the labor shortage?

Labor shortage problems seem odd in a country long plagued with heavy unemployment. Several studies conducted during the mid-fifties indicate that, on the average, about 16 percent of the labor force were totally unemployed and an additional 20 percent were less than fully employed.

The current shortage of labor appears to be caused in part by the exodus of Cuban refugees, but mainly by the diversion of rural workers to other capacities, such as year-round employment on construction projects or state farms.

Before the revolution, a considerable part of the canecutting was performed by seasonal workers from the surrounding islands. The wages for these workers were even lower than those of the Cubans. This contributed to unemployment in Cuba and also helps to explain why there is now a shortage of labor in that country every year at the time when cane must be harvested.

Marketing the sugar

Will Cuba be able to market the sugar produced this record year? It is possible, under the limitations of the International Sugar Agreement combined with other outlets, for Cuba to dispose of its 1970 sugar output. Of the 8.5 million tons produced in crop year 1969-70, 1.3 million were produced and presumably disposed of in calendar 1969, leaving 7.2 million for disposition in calendar 1970. To this must be added initial stocks and the portion of the 1970-71

crop produced in 1970, bringing the total 1970 sugar supply to approximately 8 million tons.

Exports of 2 million tons to the free market¹ and 1.6 million tons to Communist countries other than the Soviet Union are estimated for 1970. In addition, Cuban domestic requirements are estimated at 600,000 tons. This totals 4.2 million tons, leaving a residual for export or stocks of 3.5-4 million tons, most of which will probably be exported to the USSR.

Sugar production in 1970-71 is expected to be lower than in 1969-70. This can be explained by the fact that after 1-1½ years' growth, cane reaches full maturity, giving maximum yields at

the first cutting; yields in the next years are then typically lower.

For Cuba, these yield patterns are expected to work out as follows:

In 1969-70, 1.4 million acres, or one-third of the total harvested area, was cut for the first time and produced prime yields. In Cuba, usually only about one-tenth of the total area is first cuttings. These 1.4 million acres will give lower yields next year, and this will lower the overall average yield. A relatively small acreage was cut in 1969-70 before it reached its prime, and this area will in fact give larger yields next season. However, these increases will not be sufficient to boost the overall average yield.

Although 1970-71 output is expected to be less than that of 1969-70, Castro maintains that Cuba will produce from 10 million to 12 million tons of raw sugar annually in the near future. He envisions the production of an additional 10 million to 12 million tons of cane for use as feed directly or in mixtures. Castro also plans full mechanization of the cane harvest, which would be facilitated by growing cane only on the more level land. (See "News of Cuban Sugarcane," in the June 20, 1969, issue of *Foreign Agriculture*.) It was reported that 800 Soviet-built and 220 Cuban-built cane combines will be available for the 1970-71 campaign.

Cuba's sugar dilemma

The record output of 8.5 million tons of sugar was achieved at the cost of directing a large portion of the country's resources into the sugar sector. Heavy investments were made in mill equipment, irrigation, transportation, and other improvements for the benefit of agriculture.

Castro himself said, in a speech on July 26, 1970, the Cuban revolutionary anniversary: "The heroic effort to increase production, to increase our purchasing power, gave rise to an unfavorable balance in the economy and to a reduction of production in other areas—to sum it up, an increase in our difficulties. Our duty was to do our best to prevent (these problems), and, frankly, we have not been able to."

This experience and Castro's comment on it show the nature of the sugar dilemma that Cuba has had to face—the hard choice it has had to make between diversification of agriculture and concentration on the production and exportation of sugar.

CUBA'S SUGAR PRODUCTION SINCE 1949-50 [Raw value]

Year	Production 1,000 metric tons	Area harvested 1,000 acres
1949-50	¹ 5,618	¹ 2,884
1950-51	¹ 5,759	¹ 3,096
1951-52	¹ 7,225	¹ 3,516
1952-53	¹ 5,159	¹ 2,493
1953-54	¹ 4,897	¹ 2,365
1954-55	4,528	¹ 2,063
1955-56	4,740	¹ 2,461
1956-57	5,673	¹ 3,126
1957-58	5,784	¹ 2,587
1958-59	5,964	2,639
1959-60	5,862	2,856
1960-61	6,767	3,116
1961-62	4,815	2,797
1962-63	3,821	2,654
1963-64	4,398	2,476
1964-65	6,051	2,607
1965-66	4,455	² 2,619
1966-67	² 6,172	² 2,634
1967-68	³ 5,130	² 2,471
1968-69	³ 4,724	⁴ 2,454
1969-70	³ 8,533	⁴ 4,312

¹ *Cuba Sugar Year Book*, 1955-60. ² FAO estimate. ³ C. Czarnikow, Ltd., *Sugar Review*, Nos. 945 and 981. ⁴ Based on Castro's speeches of May 27 and Dec. 22, 1969.

FAO Production Yearbooks, except as indicated otherwise.

¹ Includes all world markets except those covered by special arrangements, such as those made by the United States, the USSR, and the United Kingdom.

Another French Revolution?

Computerized Food Sales

Paris, long renowned for its culinary delights, now has a unique attraction for the food shopper—a computerized grocery store. The DISTELLEC store, operated by Michel Turquet at 152 Rue de Javel, has an innovative approach to selling groceries at the retail level.

A customer may shop without having to put each item in his grocery cart. Instead, the shelves are lined with a sample of each item available, and, as a customer makes a selection, he picks up a prepunched computer card which he turns in at the cashier's stand. The cards are then placed in a computer which prints an itemized bill, a copy of which is given to a clerk who assembles the items the shopper has selected.

The advantages of such a system are numerous, especially in a big city where real estate values are high and account for a good portion of a store's overhead. In the DISTELLEC store approximately 1,700 items are offered in an area of 120 square feet. The store and warehouse combined occupy only 918 square feet. All types of food items except meats, fruits, and vegetables can be purchased at the store.

Besides saving space the system also facilitates inventorying, sales information, taxes, etc., since precise records can be kept on a day-to-day basis with a minimum of expense. In addition, the new method of retailing eliminates the need for a large staff. Only six people

are employed at the DISTELLEC store.

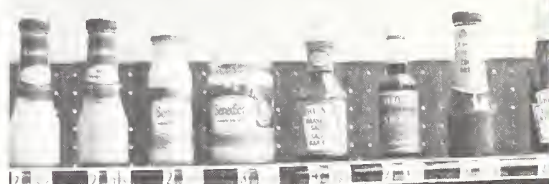
The store also deals in mail-order sales. In 1969 mail-order sales accounted for 40 percent of the business, and according to Mr. Turquet, the percentage is increasing.

The mail-order customer receives a booklet in the mail, completes a standard order blank, and returns it to the store. Delivery is made 2 days later.

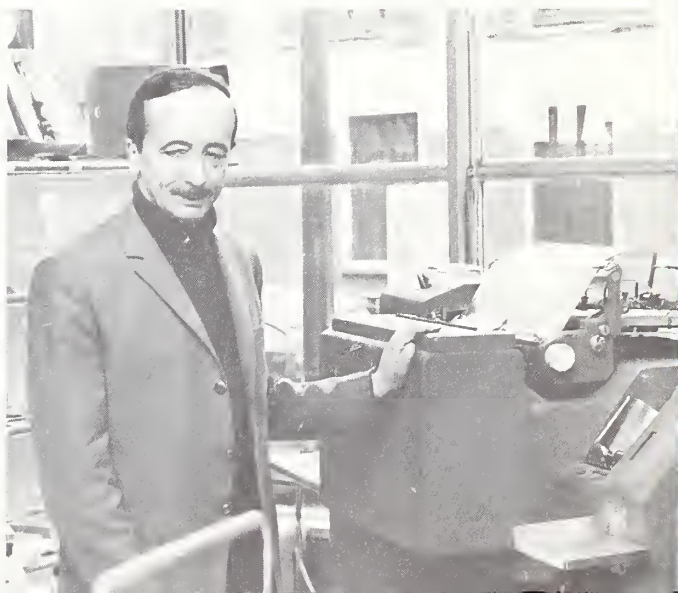
Mr. Turquet feels that his store may be a forerunner of things to come—possibly the beginning of a revolution in food retailing.

—By CHRISTIAN J. PONSOT
*Office of U.S. Agricultural Attaché,
Paris*

- 1 Prenez simplement un étui dans le panier placé en tête des rayons. Vous y collecterez au fur et à mesure de vos achats les cartes représentant les articles que vous désirez.
- 2 Suivez le sens de circulation prévu: tout l'assortiment du magasin défilera ainsi inmanquablement devant vos yeux.
- 3 Vérifiez rapidement, en y lisant la désignation de l'article, que les cartes prises correspondent bien à l'article acheté.
- 4 Si vous désirez modifier votre achat, gardez les cartes qui ne vous conviennent plus en dehors de l'étui et remettez les à part, à la caisse en fin de vos achats.
- 5 Si vous désirez être livré: un bon de transport (4^e) vous sera délivré par le distributeur automatique en fin d'achats. Remplissez ce bon et remettez le à la caisse avec vos cartes.



Above, poster explains how to shop at the DISTELLEC store. Left, housewife selects a computer card for U.S. orange juice. Below right, cashier waits for computer to tally bill. Below left, clerk collects items in stock room.



Developing Nations

Become Bigger

Dollar Markets

By SUSAN A. LIBBIN
*Foreign Development and
Trade Division, ERS*



Wheat is a major U.S. export to developing countries.

American commodity exporters have discovered that developing nations are relying less on food aid transactions and are becoming important sources of dollar sales. In the past 10 years, U.S. commercial exports to these countries have more than doubled, increasing from \$541 million dollars in fiscal 1960 to \$1.3 billion in fiscal 1970. The latter figure was the peak of an uptrend that began more than a decade ago and represented 24 percent of all U.S. farm dollar sales in 1970. In most years prior to 1968, these sales averaged only about 17 percent.

While Public Law 480 shipments still play an important role in the food economies of many developing nations, in recent years they have dropped in value. During the period 1957-65, transactions under such U.S. Government programs were about two-thirds of total farm exports to these countries. Since 1965, however, Government program shipments to developing countries have declined, and in 1970 commercial sales exceeded P.L. 480 exports by \$379 million. As a comparison, in 1960, exports under U.S. Government programs totaled \$880 million and 10 years later they had risen only by \$85 million. Commercial sales in the same period rose by \$802 million.

The total of P.L. 480 shipments and commercial sales to developing coun-

tries in fiscal 1970 was \$2.3 billion, 14 percent higher than in 1969, and three times higher than their value in 1955, but somewhat lower than the 1967 peak year of \$2.4 billion. The total value of U.S. agricultural exports to all nations was \$6.6 billion in fiscal 1970.

For the last 4 years, East Asia¹ has been the principal developing region importing U.S. farm commodities. In 1970, it took a total of \$851 million worth, almost two-fifths of all exports to developing regions. Since 1964, except for 1 year (1969), commercial exports to East Asia have exceeded P.L. 480 exports. Dollar sales to the region rose from an average of \$98 million in 1955-59 to \$462 million in the fiscal year just ended. Exports under P.L. 480 increased by a lesser degree, from \$185 million in 1960 to \$390 million in 1970.

In fiscal 1969 and 1970, the Latin American Free Trade Association (LAFTA) was in second place as a major importer among the developing regions, moving up from the No. 3 position it held in most of the preceding years. Commercial sales to LAFTA were generally upward, although the uptrend was sometimes disturbed by setbacks of varying intensities.

In the years between 1955 and 1970 commercial sales to LAFTA rose from \$195 million to \$352 million. The climb

for P.L. 480 imports was similarly erratic, trending upward from \$18 million to \$79.5 million in the same period. However, both commercial and P.L. 480 sales of U.S. cotton to LAFTA have been severely restricted, since preferential trade barriers within the association substantially increase cost of nonmember cotton.

South Asia² was the chief regional importer during 1963-66. A drop in P.L. 480 imports caused it to slip to third place as an importer of U.S. agricultural commodities, but it showed no similar slide in regard to its commercial imports. An uptrend that started in 1960, when dollar exports of U.S. farm products were \$24.5 million, continued into 1970 with commercial sales of \$104 million in that year. P.L. 480 exports to South Asia, on the other hand, declined from a peak of \$707 million in 1965 to \$292 million in 1969 and 1970.

Other regional importers that are becoming important dollar markets for U.S. commodities are the Middle East, including Turkey, the Central American Common Market (CACM), the Caribbean area (excluding Cuba), and Africa. U.S. Government program exports to the Middle East trended downward from 1955-70, while commercial sales

¹ Not including India, Pakistan, Ceylon, Japan, and the Middle East.

² India, Pakistan, and Ceylon.

rose from an average of \$25 million for 1955-59 to a high of \$148 million in 1967 and \$127 million in 1970. Since 1963, dollar exports to the Middle East have exceeded Government program shipments.

Total exports to Africa of \$203 million in 1970 were more than double the 1955-59 average, but were considerably less than exports during the mid-1960's when Egypt was a major P.L. 480 recipient. Commercial exports to that country have fluctuated widely over the past 16 years, but the 1970 total of \$27 million was more than twice the amount exported in 1955.

Economic growth and increasing foreign exchange earnings have enabled four major P.L. 480 recipients—Taiwan, Korea, Israel, and Brazil—to increase considerably dollar purchases from the United States since the mid-1960's.

Since 1965, dollar purchases by Taiwan have exceeded U.S. Government program imports, and in 1970, virtually all imports were dollar sales. Government program exports to Taiwan totaled \$47.6 million in 1956, dropping to only \$100,000 in 1970. Commercial sales in the same period rose from \$4.2 million to \$114 million.

U.S. Government program shipments to Korea rose by \$72.5 million but this was partially offset by an increase in

commercial sales of \$49 million. In the case of Israel, commercial sales rose from an average of \$10 million during 1956-60 to \$58 million in 1967 and \$50 million in 1970, and except for one year have exceeded Government exports since 1963.

Dollar sales to Brazil (mainly wheat in recent years) rose from an average of \$8 million for 1956-60 to a high of \$56 million in 1968 and \$38 million in 1970. Two other major P.L. 480 recipients—India and Pakistan—substantially increased their dollar purchases in fiscal 1970. Dollar exports to India (mainly wheat and cotton) were \$65 million, compared with \$30 million and less in previous years; \$34 million in commercial sales (mainly wheat and rice) went to Pakistan, compared with \$15 million and less previously.

Dollar purchases by Venezuela and Mexico, both LAFTA members, rose in the period 1955 to 1970. Mexico's dollar purchases went from \$46 million to \$139 million; Venezuela's from \$63 million to \$97 million. Mexico's imports under U.S. Government programs averaged less than \$6.5 million over a 16-year period compared with a \$73 million average for commercial imports.

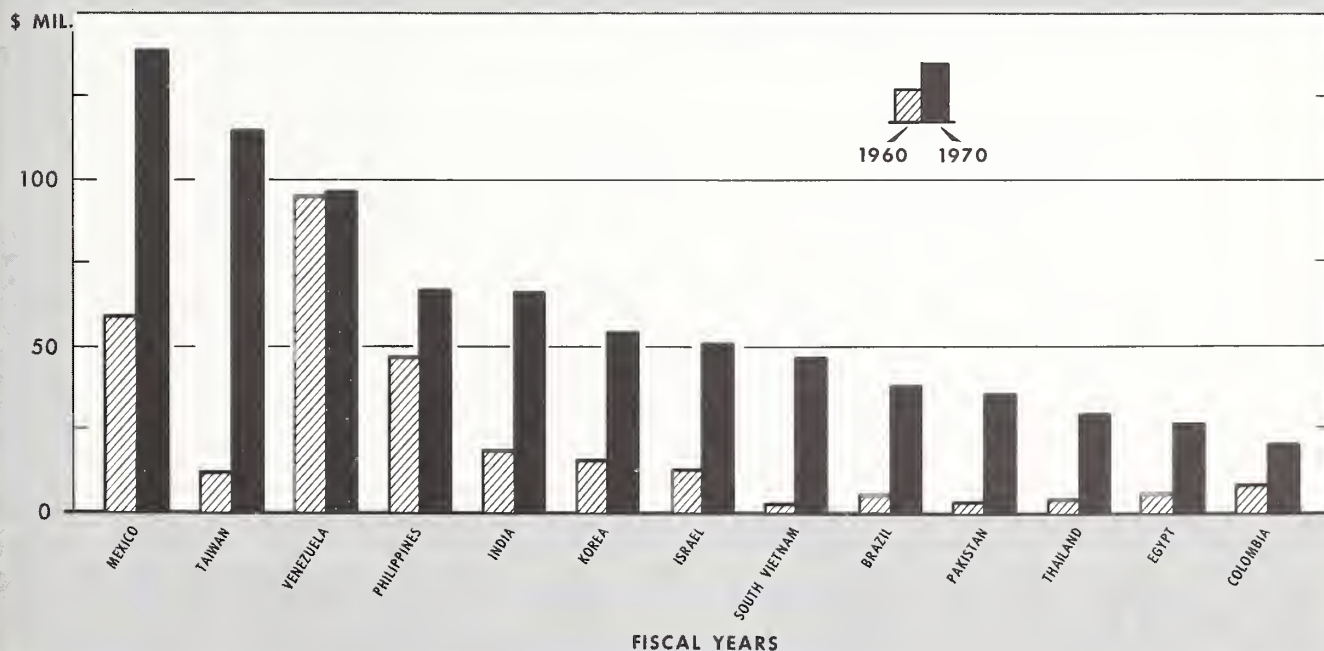
Wheat and flour, the principal commodity group imported by developing countries, declined by two-thirds from 1968-70, and accounted for only 28

percent of all U.S. farm exports to developing regions in 1970, compared with 41 percent in 1968. The developing regions provide the market for about two-thirds of all U.S. wheat and flour exports. East and South Asia and LAFTA are the main importing regions.

Other principal U.S. commodities imported include rice, fats and oils (mainly soybean oil), cotton, dairy products, oilseeds (mainly soybeans), feedgrains, and tobacco. The developing countries provide the market for over four-fifths of all U.S. exports of rice and dairy products, for about two-thirds of all cotton and fats and oil shipments, for 17 percent of the tobacco exports, and for about 10 percent of total oilseeds and feedgrains. East Asia is the principal regional importer of rice, cotton, and tobacco. The most notable increases from 1968-70 were in imports of oilseeds and products. Fats and oils increased to all the regions except South Asia.

The United States imported \$3.7 billion in farm products from developing countries in fiscal 1970, compared with \$2.7 billion in 1961. This represented about two-thirds of all U.S. agricultural imports. Slightly more than half the total imports from developing regions were complementary to U.S. commodities. These have increased only slightly since 1961.

COMMERCIAL FARM EXPORTS TO DEVELOPING COUNTRIES



Irish Up Export Payments on Livestock

The Irish Department of Agriculture recently announced increases in weekly support payments for exports of eligible Irish carcass beef and lamb to the United Kingdom, the major market for Irish meat and meat products. These increased export payments are an attempt to even up Irish livestock prices with the recently increased British guaranteed prices for fat cattle and sheep. The Irish increases are equivalent to those of Britain and apply during the same period—October 12 through March 1971.

The increases payable on beef will range from a high of 4.5 cents per pound in October to a low of 2 cents per pound next March. The average payment over the period will be about 4 cents. For carcass lamb exports to the United Kingdom, the increases will range from 3.5 cents per pound in Oc-

tober to 2 cents next March, but the average payment will be 3 cents over the period. The Department expects the increases to be worth a total of about \$4.2 million to the Irish livestock and meat industry.

The National Farmers' Association welcomed the increases and added that they had earlier indicated and emphasized "that action on these lines was essential to prevent grave difficulties for our livestock and meat industry."

Taiwan's Hog Farms Stay Home-Owned

Japanese businessmen, who are looking for ways to increase their investments in agricultural enterprises, will not get to own hog farms in the Republic of China (Taiwan). The Taiwan Ministry of Economic Affairs has recently reconfirmed this ruling in spite of the interest of several Japanese firms in establishing such ventures.

As an alternative, the Chinese Government has decided to allow limited foreign investment in hog slaughtering plants with the following restrictions:

- The foreign firm must supply at least \$400,000 in capital and be willing to go into partnership on an equal basis with local firms.
- The source of hogs for slaughter must be arranged by and approved by the Chinese Government before the investment application is submitted. Contracts for hogs can be arranged for periods over 1 year with the Taiwan Farmers' Association.
- Not less than 80 percent of the products of the slaughtering plant must be destined for export.

Philippine Coconuts Hit

Recent typhoons in the Pacific Ocean struck Philippine coconut producing areas. The Philippines accounts for more than half of world exports of copra and coconut oils and is at present the world's third largest exporter of vegetable oil.

The extent of the damage has not yet been determined.

At the time of the typhoons, production and export availabilities of coconut oil were trending upward.

Australia Makes Record Wheat Sale to the UAR

Approximately 1 million tons of wheat a year will move from Australia to the United Arab Republic (UAR) during a 3-year period beginning July 1, 1971, and ending June 30, 1974, according to a recent joint statement by Dr. M. Hadi Maghrabi, deputy chairman of the UAR General Authority for Supply Commodities, and Dr. Allan R. Callaghan, chairman of the Australian Wheat Board. Prices and conditions of each year's shipments will be negotiated annually by the two countries.

This agreement follows the sale of 750,000 tons of various grades of Australian wheat to the UAR during 1970 and the first half of 1971—the first sale of Australian wheat to the UAR since 1965.

This year's sale of Australian wheat to the UAR and the three annual installments to follow are each well above previous transactions between the two countries. During the last decade Australia has had irregular wheat exports to the UAR, ranging from about 7,750 tons in 1963-64 to some 123,850 tons in 1965-66.

Renderers Association Elects New President



New president of the National Renderers Association is Dr. Fred Bisplinghoff. Elected last month at the NRA's national convention, Dr. Bisplinghoff is a former market analyst for co-

operative market survey projects of the U.S. Department of Agriculture.

Dr. Bisplinghoff has traveled around the world promoting increased use of U.S. animal fat and byproducts, most recently in India, Pakistan, Iran, Israel, and Italy. Dr. Bisplinghoff also visited several countries of Asia in 1969 on behalf of U.S. renderers. In previous years he surveyed potential markets for American renderers' products in Mexico and several other countries in the Latin American area.

Chilean Grapes Hurt

Vineyards in Chile, an important wine producer and exporter, were recently damaged by a severe frost. As a result, a drastic reduction in wine output is predicted for this year.

About 80 percent of the vineyards in four major wine-producing Provinces—Talca, Maule, Linares, and Nuble—were hurt. These four Provinces produce about 56 percent of Chile's total wine output. Vineyards may recover during the current spring season, however, if weather is good. Technical assistance will be given farmers.

New Zealand Fruits To Travel More Cheaply

New Zealand's apples and pears will soon be travelling to their export destinations in Danish ships specially built to carry fruit and at a considerable saving to the New Zealand Government.

The arrangement was made recently in a 3-year contract between the New Zealand Apple and Pear Board and the J. Lauritzen Lines.

The Danish company will reportedly carry approximately 1.8 million cartons of apples per year to the United Kingdom and Western Europe during the February-June season. The Board should save almost US\$900,000 in the first year of the contract.

CROPS AND MARKETS SHORTS

Fruits, Nuts, and Vegetables

Hamburg Prices of Fruits, Juices

Quotations represent importers' selling prices, including duty and sugar-added levy, but excluding the value-added tax. Sales are in lots of 50-100 cases.

Type and quality	Size of can	Price per dozen units			Origin
		Oct. 1969	July 1970	Oct. 1970	
CANNED FRUIT					
Apricot halves:		<i>U.S. dol.</i>	<i>U.S. dol.</i>	<i>U.S. dol.</i>	
Choice	2½	3.12	3.67	3.28	Spain
Do	2½	—	—	3.80	U.S.
Not specified	2½	3.27	3.38	2.85	Greece
Peaches, halves:					
Choice, light syrup	2½	3.66	—	4.52	U.S.
Light syrup	2½	—	4.03	4.10	Australia
Do	2½	—	3.61	3.77	Italy
Do	2½	2.88	2.98	2.85	Greece
Pears:					
Heavy syrup	2½	3.75	3.87	3.87	Italy
Not specified	1	—	—	3.61	Mainland China
Fruit cocktail:					
Heavy syrup	2½	5.37	5.51	5.57	U.S.
Do	303	—	3.21	3.64	U.S.
Do	2½	—	—	5.28	Australia
Not specified	10	—	14.59	14.43	Italy
Cherries, red pitted:					
Fancy, water pack	10	22.65	22.95	20.16	U.S.
Not specified, water pack	3 kg.	21.90	22.79	18.52	Italy
Pineapple, whole slices:					
Fancy	2½	5.31	5.25	5.25	U.S.
Not specified	2½	4.38	4.79	4.79	Philippines
Do	30 oz.	—	3.74	3.87	Taiwan
Do	2½	3.48	3.77	3.77	Ivory Coast
Do	2½	3.36	3.54	3.51	So. Africa
Pineapple, crushed:					
Fancy	10	14.70	15.57	15.41	U.S.
Choice	10	9.00	9.34	8.36	So. Africa
Unspecified	10	—	10.26	10.49	Ivory Coast
CANNED JUICES					
Grapefruit, unsweetened	¹ 1 qt.	4.35	4.59	4.59	U.S.
Do	¹ 1 ltr.	3.87	3.87	4.13	Israel
Do	43 oz.	4.30	4.80	4.80	Israel
Do	43 oz.	3.66	3.74	3.74	Greece
Orange, unsweetened	¹ 1 ltr.	—	3.61	3.77	Israel
Do	43 oz.	3.27	3.34	3.41	Greece
Do	43 oz.	3.00	3.25	3.61	Italy

¹ Packed in glass bottles.

London Prices of Fruits, Juices

Quotations indicate selling prices of canned fruits and juices in London, c.i.f. basis.

Type and quality	Size of can	Price per dozen units			Origin
		Oct. 1969	July 1970	Oct. 1970	
CANNED FRUIT					
Apricot, halves:		<i>U.S. dol.</i>	<i>U.S. dol.</i>	<i>U.S. dol.</i>	
Fancy	2½	2.91	3.42	3.42	So. Africa
Choice	2½	¹ 3.30	¹ 3.54	² 3.54	Australia
Do	2½	3.12	3.30	3.30	So. Africa
Not specified	15 oz.	1.32	—	1.26	Spain
Fruit cocktail:					
Choice	2½	¹ 3.96	¹ 3.99	² 3.99	Australia
Do	15 oz.	1.62	1.98	1.98	Spain
Peaches, clingstone halves:					
Choice	2½	¹ 3.24	¹ 3.39	² 3.39	Australia
Do	2½	3.18	3.18	3.18	So. Africa
Pears:					
Choice	2½	¹ 3.39	¹ 3.51	² 3.51	Australia
Do	2½	3.09	3.30	3.30	So. Africa
Not specified	15 oz.	—	2.49	1.80	Italy
Pineapple slices:					
Fancy	16 oz.	1.74	1.86	1.89	So. Africa
Not specified	16 oz.	1.80	1.70	1.76	Malaysia
Grapefruit sections:					
Not specified	20 oz.	—	2.52	¹ 2.82	Israel
Do	15 oz.	1.74	2.07	¹ 2.26	Br. W. Indies
CANNED JUICE					
Grapefruit, sweetened	43 oz.	—	3.21	4.44	Israel
Orange, sweetened	43 oz.	—	3.21	4.44	Israel

¹ Ex store. ² Container price.

Tobacco

U.S. Tobacco Exports Continue Lower

Unmanufactured tobacco exports during September 1970 were 46.8 million pounds, with a value of \$46 million. Anal-

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	September		Jan.-Sept.		Change from 1969
	1969	1970	1969	1970	
Cigars and cheroots					<i>Percent</i>
1,000 pieces	7,243	7,735	51,904	43,168	-16.8
Cigarettes					
Million pieces	1,962	2,188	18,525	22,105	+19.3
Chewing and snuff					
1,000 pounds	5	2	27	53	+96.3
Smoking tobacco in packages					
1,000 pounds	93	349	798	942	+18.0
Smoking tobacco in bulk					
1,000 pounds	592	3,242	13,717	14,659	+6.9
Total declared value					
Million dollars	11.5	16.7	113.8	138.5	+21.7

Bureau of the Census.

ogous figures for September 1969 were 61.7 million pounds, with a value of \$60 million. Those for September 1968 were 73.4 million pounds with a value of \$65.6 million.

Cumulative exports for January-September 1970 were 321.3 million pounds, down 11 percent in quantity and 8 percent in value from the 363.2 million pounds exported in the same period of 1969. These exports represent a continued decline and were down substantially from the 425.1 million pounds, worth \$363.3 million, exported in January-September 1968.

Exports of manufactured products, however, were increased 45 percent, from \$11.5 million in September 1969 to \$16.7 million in September 1970. They were up 22 percent from the first 9 months of 1969. Most of this increase was the result of larger cigarette exports, thus continuing a generally upward trend in cigarette exports during the past 10 years.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO [Export weight]

Kind	September		Jan.-Sept.		Change from 1969
	1969	1970	1969	1970	
	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>Percent</i>
	<i>pounds</i>	<i>pounds</i>	<i>pounds</i>	<i>pounds</i>	
Flue-cured	47,071	34,986	266,320	225,341	-15.4
Burley	2,951	4,316	36,599	32,305	-11.7
Dark-fired Ky.-Tenn.	2,662	1,919	13,677	13,735	+4
Va. fire-cured ¹	534	373	3,174	3,115	-1.9
Maryland	681	1,066	7,395	8,721	+17.9
Green River	12	29	440	328	-25.5
One Sucker	0	63	258	404	+56.6
Black Fat	69	343	664	2,070	+211.7
Cigar wrapper	134	117	1,803	1,137	-36.9
Cigar binder	61	4	531	145	-72.7
Cigar filler	18	77	432	387	-10.4
Other	7,540	3,473	31,878	33,660	+5.6
Total	61,733	46,766	363,171	321,348	-11.5
	<i>Mil.</i>	<i>Mil.</i>	<i>Mil.</i>	<i>Mil.</i>	
	<i>dol.</i>	<i>dol.</i>	<i>dol.</i>	<i>dol.</i>	
Declared value	60.0	46.0	325.6	298.9	-8.2

¹ Includes sun-cured. Bureau of the Census.

United Kingdom Cigarette Prices Higher

The United Kingdom's largest cigarette manufacturer, the Imperial Tobacco Group, increased prices about 1.6 percent, or the equivalent of 1 U.S. cent per pack, on October 26, 1970. Previously, most brands sold for 48-62 cents.

This was the first price increase in the United Kingdom since November 1968, when prices were increased about 10 percent owing to the rise in tobacco duty imposed by the Government. Imperial blames the current increase on rising costs. It states that tobacco prices have been pushed up by competition for tobacco supplies resulting from the embargo on Rhodesian trade and the fact that tobacco has to be bought from several sources not previously used. Other manufacturers are expected to follow with higher prices.

Livestock and Meat Products

EC Further Reduces Lard Export Subsidy

The European Community Commission has recently announced its intent to lower the export subsidy on lard from

2.3 cents per pound to 1.9 cents per pound effective December 1, 1970. The United Kingdom has traditionally accounted for over one-half of total world lard imports. In 1969 the United Kingdom imported 393 million pounds of lard, 45 percent of which came from the United States and 45 percent from the EC. For the first half of 1970, the United Kingdom imported 230 million pounds of lard, 66 percent from the United States and 24 percent from the EC. The United States maintains a 1-cent-per-pound subsidy on lard exported to the United Kingdom.

Sugar and Tropical Products

ISO Allocates Sugar Shortfalls

The Executive Committee of the International Sugar Organization on November 3 decided on an immediate allocation of 100,000 metric tons of sugar from declared shortfalls. This brings total allocations of shortfalls for 1970 to 295,000 tons, or about one-third of the declared shortfalls.

Sugar prices on the world market have been rising recently, and on November 5 were at 4.30 cents per pound. This is the highest level since 1964; the relatively low prices of the past several years have reflected world sugar surpluses. The International Sugar Organization has been holding meetings in London this month to analyze the world sugar situation and to determine export quotas for 1971.

Fats, Oils, and Oilseeds

Argentine Cake and Meal Exports

Argentina, the world's third largest exporter of oilseed cakes and meals, is now on the rebound from last year's low volume. Exports through August this year, at 535,000 metric tons, were up 68,000 over the same period a year ago.

ARGENTINE PRODUCTION AND EXPORTS OF OILSEEDS AND MEALS

Year	Sunflower	Linseed	Peanut	Cottonseed	Total
	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>
	<i>metric</i>	<i>metric</i>	<i>metric</i>	<i>metric</i>	<i>metric</i>
Seed production:	<i>tons</i>	<i>tons</i>	<i>tons</i>	<i>tons</i>	<i>tons</i>
1965	757	570	439	234	—
1966	782	577	411	177	—
1967	1,120	385	354	148	—
1968	940	510	283	227	—
1969	876	640	217	283	—
1970 ¹	1,140	549	234	243	—
Cake and meal exports:					
1965	276	555	132	88	1,051
1966	372	314	181	74	941
1967	399	345	117	73	934
1968	379	274	103	42	798
1969	294	260	48	71	673
January-August:					
1969	195	202	34	36	467
1970	264	194	26	51	535

¹ Preliminary.

Exports for calendar 1970 could approach 800,000 tons against the 673,000 of 1969. This expansion reflects the large sunflower crop harvested early in 1970, which more than offset declines in flaxseed and cottonseed production.

Virtually all of Argentina's cake and meal exports move to Western Europe. The major countries of destination are the Netherlands, West Germany, the United Kingdom, France, and Belgium.

Argentine Oilseed Crops To Be Up

Rains in late September and early October improved the outlook for Argentina's 1970-71 oilseed crops. Sunflower, peanut, and soybean areas are expected to expand, but cotton area is likely to decline.

Moisture conditions were favorable for seeding the early sunflower crop in the Province of Chaco, and area is believed to have doubled last year's seedings. Producers are encouraged by the continuing high seed prices. Rains broke the drought in the western Pampa, and conditions were good to excellent in Buenos Aires Province, but additional rains were needed in Córdoba and Santa Fé. On the basis of conditions as of early October, the 1970-71 sunflower area was forecast at 4.2 million acres, an expansion of about 15 percent from last year's. At the 5-year average annual yield, this would give a record production of 1.4 million tons of sunflowerseed compared with 1.14 million tons in 1970.

Assuming the occurrence of timely rains, peanut area is expected to increase about 10 percent to about 580,000 acres. This would be the first acreage expansion since 1964-65. High oil prices and a more favorable moisture outlook than that of a year earlier are the main reasons for the upturn in peanut acreage this year. In 1969-70 an excellent peanut crop of 234,500 tons was harvested.

Cotton growers are expected to seed about 5 percent less cotton this year than last because of low cotton prices and a shortage of field workers. Commercial cottonseed production in 1969-70 was reported at 275,575 tons, 15 percent more than a year earlier.

Soybean plantings are expected to increase this year to 86,000 acres compared with 75,000 acres last year. Assuming average conditions, a crop of 35,000 tons (1.3 million bu.) could be harvested, well above the 26,800 tons (985,000 bu.) of 1969-70. Substantial expansion of soybean production is drawing increasing interest in Argentina. Increased cultivation is feasible in the entire center and north of the country, according to one expert who recommends concentrated cultivation in the northern provinces for economic reasons. Another authority has suggested a program to provide a dramatic stimulus to soybean production in the fertile Pampa area. There seems no doubt that Argentina has the potential to become a significant soybean producer.

The third official estimate places flaxseed plantings this year at almost 2.4 million acres, 2 percent more than a year earlier. Assuming that yields approximate the average of the last 5 years, the crop may exceed 22 million bushels compared with 25 million bushels last year.

There were no reports of frost damage in the tung producing area during the winter. However, this is the off year of the 2 year cycle, and production is likely to be below that in 1969-70. Nut production was 142,000 tons in 1969-70, a sharp recovery from the 68,300 tons harvested in 1968-69. Tung oil production from the 1969-70 crop is estimated at

25,000 tons compared with 12,000 from the 1968-69 crop.

Exports of sunflowerseed oil in 1970-71 will be about 100,000 tons, the maximum that can be shipped under present restrictions. As of early October only about 10,000 tons remained to be exported before the restriction expires March 1, 1971. Peanut oil exports are estimated at 25,000 tons in 1970-71 compared with 22,000 tons in 1969-70.

Linseed oil exports may have reached 150,000 tons during 1969-70 (November-October) compared with 105,000 tons the previous year.

Practically all tung oil from the 1969 crop has been shipped. Processing of the 1970 crop is underway and exports are expected to be 23,000 to 24,000 tons.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 18	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.10	-1	1.93
USSR SKS-14	(¹)	(¹)	(¹)
Australian Prime Hard	(¹)	(¹)	(¹)
U.S. No. 2 Dark Northern			
Spring:			
14 percent	2.09	-3	1.84
15 percent	2.13	-5	1.89
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	-2	1.75
Argentine	(¹)	(¹)	(¹)
U.S. No. 2 Soft Red Winter ...	1.89	-2	1.57
Feedgrains:			
U.S. No. 3 Yellow corn	1.73	-2	1.47
Argentine Plate corn	1.88	-1	1.78
U.S. No. 2 sorghum	1.63	-2	1.46
Argentine-Granifero	1.67	-2	1.47
Soybeans:			
U.S. No. 2 Yellow	3.37	+2	2.77

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Crops and Markets Index

Fats, Oils, and Oilseeds

- 14 Argentine Cake and Meal Exports
- 15 Argentine Oilseed Crops To Be Up

Fruits, Nuts, and Vegetables

- 13 Hamburg Prices of Fruits, Juices
- 13 London Prices of Fruits, Juices

Grains, Feeds, Pulses, and Seeds

- 15 Weekly Rotterdam Grain Price Report

Livestock and Meat Products

- 14 EC Further Reduces Lard Export Subsidy

Sugar and Tropical Products

- 14 ISO Allocates Sugar Shortfalls

Tobacco

- 13 U.S. Tobacco Exports Continue Lower
- 14 United Kingdom Cigarette Prices Higher



United States Department of Agriculture
POSTAGE & FEES PAID

If you no longer need this publication, check here ☐ return this sheet, and your name will be dropped from mailing list.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

Foreign Agriculture

Canada Sells 2.5 Million Tons of Wheat To Mainland China Under New Contract

Trade between Mainland China and Canada took another profitable turn for Canada, according to an announcement on October 27 by Otto Lang, Minister in charge of the Canadian Wheat Board, of a sale of 2.5 million long tons (93 million bushels) of Canadian wheat to Mainland China. The sale follows the visit of a three-man Canadian Wheat Board trade team to Mainland China and negotiations with the China National Cereals, Oils, and Foodstuffs Import and Export Corporation. The sale also follows Canada's diplomatic recognition of Mainland China.

Wheat shipments to Mainland China may begin leaving Canadian ports in November 1970. The wheat contract is for 1 year with deliveries to Mainland China scheduled for 1971. A 5-percent tolerance above or below the purchase target (93 million bushels) is allowed. The terms of payment are similar to those for Canada's previous wheat sales to China—25 percent of the value of the shipment upon the loading of each vessel with the balance, plus interest, to be paid within 18 months. Grades specified are chiefly Canadian Manitoba Nos. 2 through 4; but some durum and Alberta Red Winter will also be purchased.

This is the second 1-year contract for sales of Canadian wheat to China. The first 1-year agreement, ending in September 1970, provided for the move-

ment of 86 million bushels to China. Previous agreements for Canadian wheat sales to Mainland China were for 3-year periods.

Canada has consistently been a major supplier of Mainland China's imported wheat. From August 1, 1963, up until the just-announced sale, Canada's total sales of wheat and flour to China reached almost 500 million bushels.

U.K. Farmworkers Get 16 Percent Higher Pay

Agricultural workers on farms in the United Kingdom will get 16 percent more pay for their time beginning January 4, 1971. The wage rise, announced by the Agricultural Wages Board of the United Kingdom on October 20, 1970, follows close on the heels of higher guaranteed prices of U.K. livestock, some grains, and other products announced on October 6, 1970.

The new basic rate of pay for farmworkers is \$35.52 for a 42-hour week compared with the old rate of \$31.56 for a 43-hour week.

Neither the National Farmers' Union of Agricultural and Allied Workers nor employers of farm labor are happy about the change. The Union had asked for wages to be set at \$43.20 for a 40-hour week and is particularly upset that the Wage Board reduced the work week

U.S. Swine to Brazil, Peru

Virginia breeders recently made the first major shipment of U.S. swine to Brazil and a smaller shipment to Peru.

Airshipped to Brazil were 120 purebred Duroc and Hampshire breeding swine, consisting of equal numbers of boars and gilts. They were destined for the State of Santa Catarina. Responsible for the shipment was the Virginia Department of Agriculture, in cooperation with the Virginia Purebred Swine Breeders Association.

Seventeen breeding swine, also shipped by the association, went to Peru.

by only 1 hour. The National Farmers' Union, on the other hand, regards the award as extravagant and claims that it will increase labor costs by about \$84 million a year, which, according to the National Farmers' Union chief economist, "goes well beyond any conceivable increase in the industry's productivity." Furthermore, farm employers claim that the wage raise will counteract recent increases in guaranteed prices.

But the wage hike will not go into effect until January 1971 while higher guaranteed prices are already operative. Also, the Annual Review is due March 1971, and Annual Review machinery has to take labor costs into account when determining price levels for farm products. The full force of the wage climb will be felt by employers for only about 3 months.